

AMENDED IN SENATE JUNE 26, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 483

Introduced by Assembly Member Ting

February 19, 2013

An act to amend Section 12463 of the Government Code, and to amend Sections 95.3 and 402.5 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL’S DIGEST

AB 483, as amended, Ting. ~~Property taxation: valuing property: comparable sales: taxation.~~

Existing property tax law provides, pursuant to a specified formula, for a county auditor’s determination of those proportionate shares of the county’s property tax administrative costs that are attributable to the other jurisdictions in the county, and further provides for a county’s recovery from all other jurisdictions within the county, except for school entities or an Educational Revenue Augmentation Fund (ERAF), of those proportionate shares of the county’s property tax administrative costs.

This bill would authorize a county, by resolution of its board of supervisors, to recover, at any time commencing with the 2013–14 fiscal year and through the 2023–24 fiscal year, the property tax administrative cost shares attributable to school entities or an ERAF, but would reduce the amounts recoverable for the 2013–14 fiscal year and the 2014–15 fiscal year, as provided.

This bill would require any county that recovers these additional cost shares to maintain a base level of staffing and total funding for the administration of the property tax system that is equal to or greater

than the level of staffing or funding provided in the 2012–13 fiscal year. The bill would require a county that recovers the additional cost shares to use the additional amounts recovered to enhance the property tax administration system, and would prohibit the use of additional amounts recovered to supplant the level of funding that was provided for property tax administration in the 2012–13 fiscal year.

The bill would also require a county that recovers the additional cost shares to provide the Controller with information that indicates what percentage of general ad valorem property tax is allocated to each local government jurisdiction, and a comprehensive account of all of the local government services funded by general ad valorem property tax revenues. The bill would require the Controller, commencing in the 2014–15 fiscal year, to publish on its Internet Web site, with respect to each county, the percentage of general ad valorem property tax allocated to each local government jurisdiction, and for the 2015–16 fiscal year and each fiscal year thereafter, to make the information available to taxpayers via an interactive, searchable database on its Internet Web site, as specified.

Existing property tax law requires, when valuing property by comparison with sales of other properties, in order to be considered comparable, the sales to be sufficiently near in time to the valuation date, and the properties sold to be located sufficiently near, and sufficiently alike, to the property being valued, as specified.

This bill would make a clarifying change to this provision.

The bill would also require the State Board of Equalization to annually conduct a survey of counties, the results of which shall be presented in a report that is made available to the Legislature and the Department of Finance, on the operation of the provisions of this act.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) While the role of the assessor is not to be a revenue
- 4 generator, his or her work results in tax revenues, and all local
- 5 government agencies and taxpayers are impacted, whether
- 6 positively or negatively, by the extent to which the assessor is able
- 7 to perform his or her duties in a timely, efficient, and equitable

1 manner. The county assessor, the county auditor, the assessment
2 appeals board, and the county treasurer tax collector are the key
3 administrators of the property tax system. This act will restore
4 proper support for the administration of the property tax system.

5 (b) Budget cuts to local government agencies have resulted in
6 staff and funding reductions. County assessors' offices have not
7 escaped these cuts. Neither the taxpayer nor the taxing agencies
8 benefit from this situation.

9 (c) Recognizing that K-14 education received approximately
10 52 percent of every property tax dollar collected in California and
11 acknowledging that county governments were receiving less than
12 20 percent of those revenues, the Legislature in 1995 acknowledged
13 that reductions in county assessors' office resources and the
14 resultant reduction in services were detrimental to the best interests
15 of Californians. The Legislature initiated a loan program, the
16 "Property Tax Administration Program" (PTAP). For 10 years,
17 PTAP provided loans or grants to county assessors to support
18 additional work in the county assessors' offices. Local taxing
19 agencies received the benefit of PTAP. Funding from the loans or
20 grants resulted in a 12 to 1 rate of return, as confirmed by the
21 California State Auditor in 2000.

22 (d) The administration of the property tax system, which includes
23 the county assessor, assessment appeals board, auditor, and
24 treasurer tax collector, supports our state's public education
25 system and should be strengthened for the benefit of the taxpayer
26 as well as local entities that receive property tax revenues.

27 SEC. 2. Section 12463 of the Government Code is amended to
28 read:

29 12463. (a) The Controller shall compile and publish reports
30 of the financial transactions of each county, city, and special
31 district, respectively, within this state, together with any other
32 matter he or she deems of public interest. The reports shall include
33 the appropriations limits and the total annual appropriations subject
34 to limitation of the counties, cities, and special districts. The reports
35 to the Controller shall be made in the time, form, and manner
36 prescribed by the Controller.

37 (b) Effective January 1, 2005, the Controller shall compile and
38 publish reports of the financial transactions of each county, city,
39 and special district pursuant to subdivision (a) on or before August
40 1, September 1, and October 1 respectively, of each year following

1 the end of the annual reporting period. The Controller shall make
2 data collected pursuant to this subdivision available upon request
3 to the Legislature and its agents, on or before April 1 of each year.

4 (c) (1) *The Controller shall, with input from counties, formulate*
5 *a plan to annually compile and publish on its Internet Web site*
6 *pursuant to paragraphs (2) and (3), information provided to it by*
7 *counties that elect to recover the proportionate cost shares of*
8 *property tax administrative costs attributable to school entities or*
9 *an Educational Revenue Augmentation Fund (ERAF) under*
10 *paragraph (2) of subdivision (b) of Section 95.3 of the Revenue*
11 *and Taxation Code, that indicates what percentage of general ad*
12 *valorem property tax is allocated to each local government*
13 *jurisdiction including, but not limited to, the county, any city, and*
14 *any special district, including school districts, and the services*
15 *provided by the county, any city, and any special district, including*
16 *any school district.*

17 (2) *Commencing in the 2014–15 fiscal year, with respect to*
18 *each county, the Controller shall publish the percentage of general*
19 *ad valorem property tax allocated to each local government*
20 *jurisdiction including, but not limited to, the county, any city, and*
21 *any special district, including school districts, on its Internet Web*
22 *site.*

23 (3) *In the 2015–16 fiscal year and each fiscal year thereafter,*
24 *the Controller shall make the information described in paragraph*
25 *(1) available to taxpayers via an interactive, searchable database*
26 *on its Internet Web site that allows visitors to input information*
27 *about their property tax liability and receive a customized,*
28 *comprehensive account of the amount of general ad valorem*
29 *property tax that is allocated to each local government jurisdiction*
30 *including, but not limited to, the county, any city, and any special*
31 *district, including school districts, and all of the local government*
32 *services funded by their general ad valorem property taxes,*
33 *including, but not limited to, the services provided by the county,*
34 *any city, and any special district, including any school district.*
35 *The account of services shall list, ordered by decreasing dollar*
36 *amount, each category of local government services.*

37 ~~(e)~~

38 (d) The Controller shall annually publish, on the Internet Web
39 site of the Controller, reports of the financial transactions of each
40 school district within this state, together with any other matter he

1 or she deems of public interest. The reports shall include the
2 appropriations limit and the total annual appropriations subject to
3 limitation of the school district. The reports to the Controller shall
4 be made in the time, form, and manner prescribed by the Controller.

5 ~~(d)~~

6 (e) As used in this section, the following terms have the
7 following meanings:

8 (1) "School district" means a school district as defined in Section
9 80 of the Education Code.

10 (2) "Special district" means any of the following:

11 (A) A special district as defined in Section 95 of the Revenue
12 and Taxation Code.

13 (B) A commission provided for by a joint powers agreement
14 pursuant to Chapter 5 (commencing with Section 6500) of Division
15 7 of Title 1.

16 (C) A nonprofit corporation that is any of the following:

17 (i) Was formed in accordance with the provisions of a joint
18 powers agreement to carry out functions specified in the agreement.

19 (ii) Issued bonds, the interest on which is exempt from federal
20 income taxes, for the purpose of purchasing land as a site for, or
21 purchasing or constructing, a building, stadium, or other facility,
22 that is subject to a lease or agreement with a local public entity.

23 (iii) Is wholly owned by a public agency.

24 *SEC. 3. Section 95.3 of the Revenue and Taxation Code is*
25 *amended to read:*

26 95.3. (a) Notwithstanding any other provision of law, for the
27 1990–91 fiscal year and each fiscal year thereafter, the auditor
28 shall divide the sum of the amounts calculated with respect to each
29 jurisdiction, Educational Revenue Augmentation Fund (ERAF),
30 or community redevelopment agency pursuant to Sections 96.1
31 and 100, or their predecessor sections, and Section 33670 of the
32 Health and Safety Code, by the countywide total of those calculated
33 amounts. The resulting ratio shall be known as the "administrative
34 cost apportionment factor" and shall be multiplied by the sum of
35 the property tax administrative costs incurred in the immediately
36 preceding fiscal year by the assessor, tax collector, county board
37 of equalization and assessment appeals boards, and auditor to
38 determine the fiscal year property tax administrative costs
39 proportionately attributable to each jurisdiction, ERAF, or
40 community redevelopment agency. For purposes of this paragraph,

1 property tax administrative costs shall also include applicable
2 administrative overhead costs allowed by the federal Office of
3 Management and Budget Circular A-87 standards, but shall not
4 include any amount reimbursed pursuant to Section 75.60 and
5 former Section 98.6, or include any amount in excess of the
6 amounts reimbursable pursuant to Section 75.60, unless a county
7 meets the conditions of paragraph (2) of subdivision (b) of Section
8 75.60. However, no amount of funds appropriated to counties for
9 purposes of property tax administration in Item 9100-102-001 of
10 the Budget Act of 1994 or any subsequent Budget Act shall result
11 in any deduction from those property tax administrative costs that
12 are eligible for reimbursement pursuant to this subdivision.

13 (b) (1) Each proportionate share of property tax administrative
14 costs determined pursuant to subdivision (a), ~~except for those~~
15 ~~proportionate shares determined with respect to a school entity or~~
16 ~~ERAF, (a) shall, subject to an election under paragraph (2) with~~
17 ~~respect to the proportionate share attributable to a school entity~~
18 ~~or an ERAF, be deducted from the property tax revenue allocation~~
19 ~~of the relevant jurisdiction or community redevelopment agency,~~
20 ~~and shall be added to the property tax revenue allocation of the~~
21 ~~county. For purposes of applying this paragraph for the 1990–91~~
22 ~~fiscal year, each proportionate share of property tax administrative~~
23 ~~costs shall be deducted from those amounts allocated to the relevant~~
24 ~~jurisdiction or community redevelopment agency after January 1,~~
25 ~~1991.~~

26 ~~(2) It is the intent of the Legislature that the portion of those~~
27 ~~shares of property tax administrative costs that are calculated by~~
28 ~~the auditor for each fiscal year pursuant to subdivision (a) for~~
29 ~~school entities and the county's ERAF, that is attributable to the~~
30 ~~county's costs in providing boards and hearing officers for the~~
31 ~~review of property tax assessment appeals, be calculated by local~~
32 ~~officials and reimbursed by the state in the time and manner~~
33 ~~specified by a future act of the Legislature that makes an~~
34 ~~appropriation for purposes of that reimbursement.~~

35 (2) *A county by resolution of its board of supervisors, may elect,*
36 *at any time commencing with the 2013–14 fiscal year, to recover*
37 *in the manner provided in paragraph (1) the proportionate cost*
38 *shares attributable to school entities or an ERAF. Any county that*
39 *so elects shall do all of the following:*

1 (A) Maintain a base level of staffing, including contract staff,
2 for the administration of the property tax system, which includes
3 the county assessor, the county auditor, the assessment appeals
4 board, and the county treasurer tax collector's office, that is in an
5 amount equal to or greater than the level of staffing provided in
6 the 2012–13 fiscal year.

7 (B) Maintain a total level of funding for the administration of
8 the property tax system, which includes the county assessor, the
9 county auditor, the assessment appeals board, and the county
10 treasurer tax collector's office, that, independent of the additional
11 amounts recovered pursuant to the election, is in an amount equal
12 to or greater than the level of funding provided in the 2012–13
13 fiscal year.

14 (C) Use the additional amounts recovered pursuant to the
15 election to enhance the property tax administration system by
16 providing additional resources. The additional amounts recovered
17 shall not be used to supplant the level of funding that was provided
18 for property tax administration in the 2012–13 fiscal year. The
19 additional amounts recovered shall be used by the county assessor
20 for administrative costs related to assessment appeals, declines
21 or restoration in the full cash value base pursuant to subdivision
22 (b) of Section 2 of Article XIII A of the California Constitution,
23 compliance with mandatory audits required by Section 469 and
24 with nonmandatory audits, reappraisal upon new construction or
25 change in ownership under subdivision (a) of Section 2 of Article
26 XIII A, and the unsecured roll and supplemental roll.

27 (D) For the 2013–14 fiscal year, multiply the proportionate
28 share attributable to a school entity or an ERAF by a factor of
29 0.25. For the 2014–15 fiscal year, multiply the proportionate share
30 attributable to a school entity or an ERAF by a factor of 0.50. For
31 the 2015–16 fiscal year and for each fiscal year thereafter to and
32 including fiscal year 2023–24, no multiplier shall be used to reduce
33 the proportionate share attributable to a school entity or ERAF.

34 (E) Provide information to the Controller pursuant to
35 subdivision (c) of Section 12463 of the Government Code that
36 indicates what percentage of general ad valorem property tax is
37 allocated to each local government jurisdiction including, but not
38 limited to, the county, any city, and any special district, including
39 school districts, and the services provided by the county, any city,
40 and any special district, including any school district.

(c) Reductions made pursuant to this section to property tax revenue allocations shall be made without regard to Section 907 of the Government Code.

(d) Any additional amounts of property tax revenue allocated to the county pursuant to this section shall be used only to fund costs incurred by the county in assessing, equalizing, and collecting property taxes, and in allocating property tax revenues, and shall constitute charges for those services, not exceeding the actual and reasonable costs incurred by the county in performing those services.

(e) It is the intent of the Legislature in enacting this section to recognize that since the adoption of Article XIII A of the California Constitution by the voters, county governments have borne an unfair and disproportionate part of the financial burden of assessing, collecting, and allocating property tax revenues for other jurisdictions and for redevelopment agencies. The Legislature finds and declares that this section is intended to fairly apportion the burden of collecting property tax revenues and is not a reallocation of property tax revenue shares or a transfer of any financial or program responsibility.

(f) Commencing with the 1992–93 fiscal year and each fiscal year thereafter, this section shall supersede and replace Section 95.2, as authority for a county to recover property tax administrative costs.

(g) This section shall apply to the entire 1993–94 fiscal year, regardless of the operative date of the act adding the predecessor to this section, and to each fiscal year thereafter.

SECTION 4.

SEC. 4. Section 402.5 of the Revenue and Taxation Code is amended to read:

402.5. When valuing property by comparison with sales of other properties, in order to be considered comparable, the sales shall be sufficiently near in time to the valuation date, and the properties sold shall be located sufficiently near the property being valued, and shall be sufficiently alike in respect to character, size, situation, usability, zoning, or other legal restriction as to use unless rebutted pursuant to Section 402.1, to make it clear that the properties sold and the properties being valued are comparable in value and that the cash equivalent price realized for the properties sold may fairly be considered as shedding light on the value of the

1 property being valued. “Near in time to the valuation date” does
2 not include any sale more than 90 days after the valuation date.

3 *SEC. 5. (a) The State Board of Equalization shall annually*
4 *conduct a survey of counties, the results of which shall be presented*
5 *in a report that is made available to the Legislature and the*
6 *Department of Finance, on the operation of the provisions of*
7 *Sections 2 and 3 of this act.*

8 *(b) A report submitted pursuant to this section shall be submitted*
9 *in compliance with Section 9795 of the Government Code.*

10 *(c) Notwithstanding Section 10231.5 of the Government Code,*
11 *this section is repealed on July 1, 2024.*